Supreme Court, U.S.
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IN THE

Supreme Court of the United States

THE UNIVERSITY OF SOUTH CAROLINA,

Petitioner,

v.

UNIVERSITY OF SOUTHERN CALIFORNIA,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

The Lanham Act analysis for trademark infringement and trademark registration requires determining whether the trademark accused of infringement or sought to be registered is likely to be confused with other existing trademarks. In light of this standard, the questions presented for review here are as follows:

1) Should the likelihood of confusion analysis require proof that a group of relevant purchasing consumers exists who would likely be confused by competing trademarks so that trademark registration may be denied or trademark infringement be found?

2) Should the scope of protection for ornamentally-used trademarks (i.e., merchandising rights), such as those used by colleges and universities to decorate products and indicate an affiliation with their school, be accorded the same scope of protection as traditional trademarks that instead identify the source of the products being sold under the trademarks?

CORPORATE DISCLOSURE STATEMENT

Petitioner, The University of South Carolina, is an agency of the State of South Carolina created as a body corporate and politic under S.C. Code. Ann. § 59-117-40. No parent corporation or publicly-held company owns 10% or more of Petitioner.

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PETITION FOR CERTIORARI

Petitioner, The University of South Carolina, respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The decision of the Court of Appeals for the Federal Circuit is unofficially reported at 2010 U.S. App. LEXIS 1001. Pet. App. A. The underlying decisions of the United States Patent Office Trademark Trial and Appeal Board are unofficially reported at 2008 TTAB LEXIS 755 and 2003 TTAB LEXIS 367. Pet. App. B & C.

JURISDICTIONAL STATEMENT

The judgment of the court of appeals was entered on January 19, 2010. Pet. App. A, 1a. This petition is timely filed and the Petitioner invokes this Court's jurisdiction under 28 U.S.C. § 1254(1).

STATUTE INVOLVED

Section 2(d) of the Lanham Act (15 U.S.C. § 1052(d)) provides, in relevant part:

> No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

. . .

> (d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive . . . .

Section 32(1)(a) of the Lanham Act (15 U.S.C. § 1114(1)(a)) provides, in relevant part:

> (1) Any person who shall, without the consent of the registrant—
>
> > (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive. . .
>
> shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Other relevant statutes are reprinted at Pet. App. D.

STATEMENT OF THE CASE

This is a trademark clash between the USC on the east coast (The University of South Carolina) and the USC on the west coast (The University of Southern California). This case extends beyond the gridiron or the baseball diamond and is, specifically, a battle over whether The University of Southern California ("California") can prevent The University of South Carolina ("Carolina") from registering one of the Carolina baseball team's logos under the U.S. trademark laws. More generally, however, this Court is being asked to clarify far-reaching legal principles in trademark law that have resulted in a split of authority in the courts.

On its broadest level, this case impacts more than 2700 four-year colleges or universities. Because there are only twenty-six letters in the alphabet, overlap of initials or acronyms for school identification is extremely common. Universities often drop the common "U" for university or "S" for state and adopt the initial(s) representing the state of geographic area. For example, an "O" in reference to a university may indicate The Ohio State University or the University of Oregon; an "M" may indicate the University of Michigan or the University of Minnesota; a "V" may represent Vanderbilt University or the University of Virginia; "MSU" may represent Michigan State University or Mississippi State University; "USC" may represent the University of Southern California or the University of South Carolina; and "SC" may represent the University of Southern California or the University of South Carolina or Santa Clara University. Universities market

their initials as trademarks on merchandise so that their fans and supporters can associate themselves with their particular university. These initials serve as secondary indicators of source for the university's educational and athletic services. Despite the extreme overlap in the use of such initials by schools, there has been little, if any, confusion amongst consumers wishing to purchase products bearing such university trademarks. If this case is not reversed, the realities of the marketplace will have been completely ignored in favor of a legalistic conclusion that disregards basic trademark law.

Fundamentally, this case is here because the Federal Circuit has now added to the already-existing split of judicial authority governing what factors are considered in the trademark law's basic likelihood of confusion test. Years of Lanham Act trademark law have established the "likelihood of confusion" test as the touchstone analysis to determine whether a trademark may be federally registered and to determine whether a trademark is infringed. Despite the existence of this longstanding standard, a split of authorities resulting from a 1962 amendment to the Lanham Act has now been exacerbated by the Federal Circuit. In particular, whereas an ongoing split exists as to the relevant persons that must likely be confused for trademark registration to be denied or trademark infringement to be found, the Federal Circuit has gone even farther and concluded that a likelihood of confusion can be found in a vacuum *without* considering whether any particular persons actually exist who would likely confuse two competing trademarks.

In addition, the case is here to decide the nature and scope of protection that the U.S. trademark laws allow for a trademark that does not identify the source of the goods sold, but is instead, itself, the "good" that is being purchased by consumers. Although trademarks have traditionally served to identify the *source* of goods, courts have struggled to determine the scope of protection, if any, that should be afforded to trademarks that are used as ornamental logos to decorate goods (such as college insignias on clothing). Continuing an expansion of trademark rights, the Federal Circuit's decision has now extended unwarranted protection to trademarks that serve not as indicators of the source of goods, but as the goods themselves.

Both of these fundamental issues of federal trademark law warrant review and clarification by this Court.

A. Statutory Background

1. The fundamental likelihood of confusion standard of trademark law governs numerous inquiries under the Lanham Act, including:

> (i) determining whether trademark registration can be refused because the mark for which application is sought is "likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive," 15 U.S.C. § 1052(d) (2006);

(ii) determining whether a federally-registered trademark has been infringed if the accused infringer's use is "likely to cause confusion, or to cause mistake, or to deceive," 15 U.S.C. § 1114(1)(a) (2006);

(iii) requiring a trademark applicant to represent that, to the best of the applicant's knowledge, the mark for which registration is sought is not "likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive," 15 U.S.C. § 1051(a)(3)(D) (2006); and

(iv) permitting the Director of the Trademark Office to declare an interference between a trademark in a trademark application and another trademark if the other trademark is "likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive" with respect to the applied for trademark, 15 U.S.C. § 1066 (2006).

2. The original Lanham Act implemented in 1947 precluded registration of a trademark if it

"[c]onsists of or comprises a mark which so resembles a mark registered in the Patent Office or a mark of trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion or mistake or to deceive *purchasers*."

Act of July 5, 1946, ch. 540, 60 Stat. 427, 428 (1946) (codified at 15 U.S.C. § 1052(d) (1952)) (emphasis added). Similarly, the trademark infringement analysis under the original Lanham Act required examination of whether a mark "is likely to cause confusion or mistake or to deceive *purchasers as to the source or origin of such goods or services*." *Id.* at 437-38 (emphasis added). Thus, by its express terms, the original Lanham Act required a finding that there be a likelihood that *actual purchasers* would be confused by the use of a mark in order for registration to be denied or for infringement to exist.

3. However, certain sections of the Lanham Act concerning the likelihood of confusion standard were amended in 1962. In particular, the term "purchasers" was deleted from the likelihood of confusion standards set forth in Sections 1052(d), 1066, and 1114(a), so that the resulting language read: "to cause confusion, or to cause mistake, or to deceive," without mentioning the word "purchasers." *See* 1962 Pub. L. No. 87-772, 76 Stat. 769.

B. Proceedings Below

1. In 1997, Carolina filed a trademark application for federally registering its interlocking "SC" trademark, referred to as the "Carolina Baseball Logo" and depicted below, for use on apparel:

Pet. App. A, 1a-2a.

2. After the Trademark Office conducted its review and determined that the Carolina Baseball Logo met the standards for federal registration, including the standard that it would not likely be confused with any then-existing trademark, the Carolina Baseball Logo was published for opposition. Pet. App. A, 2a.

3. After publication, California commenced an action at the Trademark Trial and Appeal Board ("TTAB"), pursuant to 15 U.S.C. §§ 1063 and 1067, opposing registration of the Carolina Baseball Logo and asserting, *inter alia*, that the Carolina Baseball Logo as used on apparel was likely to cause confusion with three of California's trademarks, two of which were federally registered. Pet. App. A, 3a; B, 21a.

4. After a trial on the merits, the TTAB purported to follow the likelihood of confusion analysis set forth in *In re E.I. DuPontDeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973), found a likelihood of confusion between the Carolina Baseball Logo and each of the marks asserted by California, and sustained California's opposition, thus denying federal registration of the Carolina Baseball Logo. Pet. App. A, 4a; A, 5a-12a; A, 15a; B, 85a.

In reaching its conclusion, the TTAB found that the typical consumers for school-branded products, such as students, faculty, alumni, and athletic fans (collectively referred to herein as "Real Fans"), "are likely to have a loyalty to and affinity for a particular school's trademarks, and . . . are likely to exercise a degree of care in looking for and making their decisions to purchase goods." Pet. App. B, 41a. In this regard, the

TTAB found that such consumers are "likely to be able to distinguish between similar collegiate marks based on their familiarity with the different schools and their marks, and their familiarity with national collegiate sports in general." Pet. App. B, 41a. Thus, the TTAB effectively concluded that Real Fans would not be confused by the trademarks at issue in this case.

Despite determining that regular consumers, or "Real Fans," would not likely be confused, the TTAB did find that two groups of consumers would likely be confused: (i) persons unaffiliated with either school, such as relatives, who would be purchasing for others a gift bearing one of the trademarks (referred to herein and at the Federal Circuit as "Gift-Giving Relatives"), and (ii) new or casual fans who may jump on the school's proverbial "bandwagon" when an athletic team has a banner year but who are admittedly less familiar with the school's trademarks (referred to herein and at the Federal Circuit as "Fair Weather Fans"). Pet. App. B, 41a-42a.

5. Petitioner then appealed the decision to the Federal Circuit pursuant to 15 U.S.C. § 1071(a) and 28 U.S.C. § 1295(a)(4)(B). The Federal Circuit reversed certain of the TTAB's findings regarding the existence of groups of consumers who would likely be confused, concluding that substantial evidence did not support the existence of any group fitting the description of "Gift-Giving Relatives" or any group fitting the description of "Fair Weather Fans." Specifically, the Federal Circuit concluded that the TTAB's findings regarding these groups of consumers had been based on speculation. Pet. App. A, 8a-9a. Having left intact the TTAB's finding

that Real Fans would not likely be confused and overturning the findings that Gift-Giving Relatives and Fair Weather Fans existed and would likely be confused, the Federal Circuit decision means that there are no groups of consumers who were, or who were likely to be, confused. Nonetheless, despite not having proof that a single consumer would likely be confused, the Federal Circuit affirmed the TTAB's finding that a likelihood of confusion between the marks precluded federal registration of the Carolina Baseball Logo. Pet. App. A, 8a-9a. The Court reached that conclusion by announcing a new likelihood of confusion standard: When the marks under consideration are legally identical and are used for the same classes of goods and in the same trade channels, these factors, "on their own . . . support a finding of a likelihood of confusion," *without any reference to the relevant consumers who may have been confused*. Pet. App. A, 9a.

REASONS FOR GRANTING THE PETITION

Prior to the Federal Circuit's decision in this case, a split of authority had developed concerning the proper analysis for resolving the central likelihood of confusion issue in trademark law. Whereas courts continue to disagree about the relevant persons that must likely be confused by competing trademarks, the Federal Circuit has fundamentally and erroneously shifted the doctrine even farther by concluding that likelihood of confusion can be found even where no person, or group of persons, exists who would likely be confused. This "new" standard applied by the Federal Circuit lacks support in the Lanham Act or its legislative history and is not supported by any congressional intent or underlying

policies. Given the continued conflict of authority amongst the courts, which has now been exacerbated by the Federal Circuit's decisional shift, this Court should review this commercially significant issue and clarify the proper scope of trademark protection under the Lanham Act.

In addition, courts have diverged on the proper scope of protection, if any, that should be afforded to logos used to ornamentally decorate a product and that serve, themselves, as the primary, if not the sole, reason a purchaser buys a product (instead of being used to identify the source of the product). The courts have failed to develop a consistent approach for determining the existence of and the scope of any such protection. Here, the Federal Circuit has erroneously expanded the protection for such ornamental marks and has essentially equated them with traditional trademarks. This expansion of that protection has stark commercial implications, as the market for collegiate logos alone (which are one form of ornamental marks) has been estimated at $3 billion per year. *See* Jeffrey Zaslow, *Sports Fans Snap Up Souvenirs of Winners Beating Losers: Mascots Boiled or Grilled?*, Wall St. J., Nov. 12, 2003, at A1. In light of the lack of a national standard on this issue, the current expansion by the Federal Circuit of those rights, and the commercial significance of this issue, intervention by this Court is both warranted and imperative.

I. COURTS ARE SPLIT ON THE PROPER LIKELIHOOD OF CONFUSION ANALYSIS.

The courts have been split on the fundamental likelihood of confusion analysis of trademark law applicable here. There exists a divergence on the issues of *who* must likely be confused, *when* that confusion must be likely, and now, in light of the Federal Circuit's decision, whether *any* actually identifiable and proven group must be capable of being confused at all. A clear pronouncement of the Lanham Act's likelihood of confusion standard is needed from this Court.

As originally enacted, the Lanham Act's likelihood of confusion standard required a likelihood that *actual purchasers* would be confused between the use of two competing trademarks. *See* 15 U.S.C. §§ 1052(d), 1066, 1114(1)(a) (1952). In an effort to ensure that the standard would encompass *potential* purchasers as well as *actual* purchasers, Congress amended the Lanham Act in 1962 by deleting the word "purchasers" from the statute. *See* 1962 Pub. L. No. 87-772, 76 Stat. 769; *see also* S. Rep. No. 2107, 87th Cong., 2d sess., reprinted in 1962 U.S. Code Cong. & Admin. News 2844, 2847 (providing that "the provision actually relates to potential purchasers as well as actual purchasers" and "[t]he word 'purchasers' is eliminated so as to avoid the possibility of misconstruction of the present language of the statute"). It is clear, however, that Congress did not intend to eliminate the requirement that *some* group of relevant consumers needed to be likely confused for a likelihood of confusion to exist. *See* Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 Emory L.J. 367, 469-475 (Spring 1999) (explaining that the statutory amendment was made to expand the likelihood of confusion analysis to include potential purchasers, but "[t]here is no indication that Congress intended any other substantive change").

Unfortunately, following this clarifying statutory amendment, confusion about the likelihood of confusion became widespread. *See* Michael J. Allen, *The Scope of Confusion Actionable Under Federal Trademark Law: Who Must be Confused and When?*, 26 Wake Forest L. Rev. 321, 321 (1991) ("Despite the importance of the likelihood confusion issue in federal trademark law, . . . courts have been less than consistent in defining the scope of this term as it applies to federal trademark law."); Anne M. McCarthy, Note, *The Post-Sale Confusion Doctrine: Why the General Public Should be Included in the Likelihood of Confusion Inquiry*, 67 Fordham L. Rev. 3337, 3352 (May, 1999) ("Courts are not in accord, however, concerning the expansion of the relevant population and relevant time of confusion that was brought about by the 1962 amendment."). Given the varied applications of the likelihood of confusion analysis, particularly with respect to *who* must be likely confused, clarification from this Court is needed.

In particular, in considering whether a likelihood of confusion is present, some courts have said that it is enough that the *general public* (e.g., "observers") be confused. *See, e.g.*, *Insty*Bit, Inc. v. Poly-Tech Indus., Inc.*, 95 F.3d 663, 672 (8th Cir. 1996) (providing that "an action for trademark infringement may be based on confusion of consumers other than direct purchasers, including *observers* of an allegedly infringing product in use by a direct purchaser") (emphasis added); *Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts*, 944 F.2d 1235, 1245 (6th Cir. 1991) (reasoning that the 1962 amendment expanded the likelihood of confusion analysis from purchasers to the *general public* at large) (emphasis added); *Exxon Corp. v. Humble*

Exploration Co., 695 F.2d 96, 98 n.1 (5th Cir. 1983) (observing that the 1962 amendment "suggests that confusion of the *general public* is a proper test") (emphasis added); *AMP, Inc. v. Foy*, 540 F.2d 1181, 1186 (4th Cir. 1976) (observing that "the purpose of trademark protection is to protect the *public* from confusion, not merely to protect plaintiff from confusion of its customers") (emphasis added); *see also* Allen, *supra* p. 13, at 349 (observing that "[o]f those courts that have adopted the expansive view that the Lanham Act protects confusion of any kind on the part of *anyone, without any purchaser or potential purchaser limitations*, most rely upon the 1962 Amendment") (emphasis added). Moreover, the Second Circuit has reached a similar result in construing the likelihood of confusion standard in the criminal counterfeiting context. *United States v. Hon*, 904 F.2d 803, 807 n.2 (2d Cir. 1990) (observing that "nothing in the legislative history or the statute as amended excludes from its reach *public, nonpurchaser* confusion in the case of counterfeits") (emphasis added).

Other courts, however, have found the expansion of the confusion doctrine to the "general public" to be overly expansive and have expressly rejected this approach. These courts have generally limited the relevant consumer group that must likely be confused to the persons who would actually be potential or current customers for the particular product at issue. *See, e.g.*, *Dorr-Oliver, Inc. v. Fluid-Quip Inc.*, 94 F.3d 376, 382 (7th Cir. 1996) ("The proper examination is not whether some people viewing [the product in use] might be confused but whether *consumers* in the market [for the product] are likely to be confused.") (emphasis in

original); *Nike, Inc. v. "Just Did It" Enters.*, 6 F.3d 1225, 1229 (7th Cir. 1993) ("We are dealing here with *customer* confusion when choosing to purchase, or not to purchase, the items, *not public confusion* at viewing them from afar.") (emphasis added); *Beneficial Corp. v. Beneficial Capital Corp.*, 529 F. Supp. 445, 450 (S.D.N.Y. 1982) (observing that "the trademark laws do *not* protect against the possibility that a member of the *general public* might fall under the mistaken impression that companies are related" but are instead "intended to protect those members of the public who are or may become *customers*") (emphasis added); *Redken Labs., Inc. v. Clairol, Inc.*, 350 F. Supp. 1301, 1306 n.10 (C.D. Cal. 1972) (rejecting the argument that the 1962 amendments to the Lanham Act changed consideration from the marketplace realities of *actual and potential purchasers* to an "academic consideration" on an "abstract plane whereon judges are to contemplate [the Lanham Act's] application to *theoretical consumers in an imaginary setting*") (emphasis added).

In fact, a recent scholarly article from earlier this year brings the issue to the forefront by explaining that "[t]rademark law centers its analysis on consumer confusion" and that "this is the right rule." Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 Stan. L. Rev. 413, 414 (Jan. 2010). The authors explain that recent "trademark law has taken the concept of confusion too far" and that "trademark law needs to refocus on confusion that is actually relevant to purchasing decisions." *Id.*

The discrepancy in the standard not only extends between the various circuits but, in some cases, there is

a conflict within a court itself. For example, in *Electronic Design & Sales, Inc. v. Electronic Data Sys. Corp.*, 954 F.2d 713, 717-18 (Fed. Cir. 1992) (emphasis added), the Federal Circuit defined "relevant persons" in the likelihood of confusion analysis as *actual and potential purchasers* and those, such as *some users, who might influence future purchasers* and found that "[b]ecause the TTAB only considered corporate customers as a whole rather than determining the 'relevant persons' within, its analysis was legally deficient." Then a mere year later, the same court in *Payless Shoesource, Inc. v. Reebok Int'l, Ltd.*, 998 F.2d 985, 989 (Fed. Cir. 1993) (emphasis added) found that "an action for trademark infringement may be based on confusion of *consumers other than direct purchasers*, including *observers* of those wearing an accused article."

In sweeping fashion in the present case, the Federal Circuit has wandered even farther beyond the previously-expanding standard of basing likelihood of confusion upon consideration of the general public. The Federal Circuit here actually dispensed entirely with the necessity to find that *any* identified person(s) would likely be confused. As explained above, the TTAB had found that the group known as Real Fans would not likely be confused, but had concluded that the groups known as Gift-Giving Relatives and Fair Weather Fans were likely to be confused. On appeal, the Federal Circuit left intact the TTAB's finding that Real Fans were not likely to be confused and concluded that there was no substantial evidence that the Gift-Giving Relatives or Fair Weather Fans even existed. Despite the lack of any identifiable person(s) who could be (or likely would be) confused, the Federal Circuit still

affirmed the likelihood of confusion finding. It did so based on the TTAB's findings that the marks were: 1) "legally" identical; 2) used on the same classes of goods; and 3) used on goods sold in the same channels of trade. Pet. App. A, 9a. The Federal Circuit concluded that the failure to find the existence of any person or group of persons who would likely be confused was "harmless error", Pet. App. A, 9a, thus replacing the likelihood of confusion test with a new test that simply avoids consideration of whether any persons exist that would likely be confused.

In addition to dispensing of the requirement that identifiable persons likely be confused, the Federal Circuit's unsound approach precludes any consideration of whether an appreciable number of persons are likely to be confused, which has, until this point been a longstanding criterion of the likelihood of confusion analysis. *E.g.*, *Int'l Ass'n of Machinists & Aerospace Workers v. Winship Green Nursing Ctr.*, 103 F.3d 196, 201 (1st Cir. 1996) (citing cases). As explained below, this vast expansion of trademark law defies the statute, as well as its underlying legislative history, congressional intent, and policies.

Although the 1962 amendment to the Lanham Act broadened the likelihood of confusion standard to include "potential" as well as "actual" purchasers, it did not change the requirement of "a likelihood of confusion of confusion of an appreciable number of persons at some point in time." 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 5.6, at 5-18 (2009); *see also* Richard L. Kirkpatrick, *Likelihood of Confusion in Trademark Law*, § 1.6, at 1-27 (2001) ("If

confusion exists, it must be in the minds of *relevant persons*, and it is in the commercial nature of most cases that the most relevant persons are purchasers or potential purchasers of the parties' products.") (emphasis added). Even after the amendment, the proper analysis must still be conducted from the vantage point of the commercially relevant persons in order to determine if they would likely be confused. *See* Lemley & McKenna, *supra* p. 15, at 414 (urging that "trademark law needs to refocus on confusion that is actually relevant to purchasing decisions").

If a group of "commercially relevant" consumers who would likely be confused cannot be found, then the likelihood of confusion standard is simply reduced to one of trademark dilution, 15 U.S.C. § 1125(c) (2006), which is clearly not the same thing as trademark infringement. Instead, trademark dilution is a fundamentally different concept that does not require an analysis or a finding of any confusion, or likelihood thereof, at all. *See Audi AG v. D'Amato*, 469 F.3d 534, 547 (6th Cir. 2006) ("Dilution law, unlike traditional trademark infringement law . . . is not based on a likelihood of confusion standard, but only exists to protect the quasi-property rights a holder has in maintaining the integrity and distinctiveness of his mark."). Without requiring a finding that some "commercially relevant" group of consumers would likely be confused, the Federal Circuit has erroneously transformed trademark infringement and registration into a question of trademark dilution. The breadth of protection that has now been granted by the Federal Circuit to trademarks is quite broad and will result in limitless findings of infringement and refusals of trademark registrations.

Without this Court's intervention to resolve this commercially important and basic issue of trademark law, the status of the likelihood of confusion analysis amongst the circuits, and particularly at the Federal Circuit, will continue to be in conflict.

II. THE COURTS HAVE IMPROPERLY EXPANDED TRADEMARK PROTECTION BEYOND ITS SOURCE IDENTIFYING FUNCTION SUCH THAT NO CLEAR STANDARD EXISTS.

As recognized by legal scholars, "trademark law has expanded dramatically in the last century to the point where it now prohibits conduct by companies that seems unlikely to confuse consumers in any material way." Lemley & McKenna, *supra* p. 15, at 453. As part of this trend, the use of trademarks has, in some cases, transitioned from the traditional purpose of trademarks – identifying the source of the goods upon which the mark is used – to functioning as the "goods" themselves. "Rather than identifying the good with a particular manufacturer, and thereby guaranteeing its quality, the identifier is itself the product." Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1706 (May 1999) (explaining that "[p]eople buy products like hats and tee-shirts because they have the logo emblazoned on them"); *see also* Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. Rev. 960, 961 (October, 1993) (discussing the "growing tendency to use trademarks not just to identify products but also to enhance or adorn them, even to create new commodities altogether"); *see also* Stacy L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile*

Theory or Fait Accompli?, 54 Emory L.J. 461, 472 (Winter 2005) ("Merchandising cases therefore represent a kind of hybrid between product configuration and word-based trademark infringement claims: They generally involve protected marks, but the marks are more product features than brands.").

In this regard, "[i]deograms that once functioned solely as signals denoting the source, origin, and quality of goods, have become products in their own right, valued as indicators of the status, preferences, and aspirations of those who use them." Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 Notre Dame L. Rev. 397, 397 (1990). As is apparent from the present case, this commercial phenomenon is prevalent with fans and supporters of a particular university who have a desire to associate themselves with their university and, particularly, with their university's athletic programs. Purchasers of a product bearing a California logo or a Carolina logo are *not* purchasing the product in order to obtain a high quality product; instead, they are purchasing the product because it carries a trademark that the purchasers want and that others will recognize. The TTAB here understood this concept when it explained that "[t]he purchaser's decision to purchase the product often is not based on who actually manufactured the product, but rather is based on the ornamental presence of the secondary source mark itself on the product." Pet. App. B, 44a.

Such purchasers desire to have others know that they are fans and supporters of a particular school or team. Consideration of the quality of the product is only

a secondary consideration in the purchasing decision, if it is a consideration at all.

The expansion of protection for these types of trademarks has been blessed by some court decisions but has been seen by legal scholars as "a rather striking reversal of the normal role of trademark law." Lemley, *supra* p. 19, at 1706 (observing that this right to commercialize a mark, separate and distinct from its source identifying function, "stems not from the traditional rationales for trademark protection, but from a sense of trademarks (or sports logos, at least) as valuable things that can be owned in and of themselves"); *accord* Lunney, *supra* p. 12, at 371 (observing that "this shift from viewing a trademark as a *source* of information about a product, to viewing the trademark as *the product*, has sharply changed the emphasis and context in which trademark's traditional themes have played out") (emphasis added). These new judicially-created, non-statutory property rights are now commonly designated "merchandising rights." *See* Lemley & McKenna, *supra* p. 15, at 437 (explaining that the "[m]erchandising cases involve the use of brands not to identify the source or quality of goods, but instead as desirable products in and of themselves.").

As explained by Professor Lemley in his comments on why merchandising rights should not be allowed to exist separately from traditional trademark rights,

> [c]ommentators and even courts increasingly talk about trademarks as property rights; as things valuable in and of themselves, rather

> than for the product goodwill they embody. Courts protect trademark owners against uses that would not have been infringements even a few years ago and protect as trademarks things that would not have received such protection in the past. And they are well on their way to divorcing trademarks entirely from the goods they are supposed to represent.

Lemley, *supra* p. 19, at 1687-88; *id.* at 1697 ("Courts seem to be replacing the traditional rationale for trademark law with a conception of trademarks as property rights, in which trademark 'owners' are given strong rights over the marks without much regard for the social costs of such rights."). The protection of merchandising rights, however, has not received universal acceptance in the courts and there is "general uncertainty in the legal landscape" concerning them. *See* Dogan & Lemley, *supra* pp. 19-20, at 478. Therefore, it is not too late for this Court to intervene and bring clarity and consistency to the scope of any protection that might be allowed for such merchandising rights.

Recognizing that "the multi-billion dollar industry of merchandise licensing has grown around a handful of cases from the 1970s and 1980s that established merchandising rights with little regard for the competing legal or policy concerns at stake" and that "[t]hose cases are far from settled law," "it is high time to revisit that case law and to reconsider the theoretical justifications for a merchandising right." *Id.* at 464. In fact, some scholars believe that "recent Supreme Court case law suggests that, if the Supreme Court had the

opportunity to evaluate the merchandising theory (something it has never done), it would deny the existence of such a right. Further, the Court would be right to do so." *Id.* at 465; *see also id.* at 506 (opining that "the Supreme Court seems to have a firm idea of what trademark law is about, a vision that leaves no room for a merchandising right").

In considering whether to allow the expansive reach of merchandising rights that have been permitted by some courts and now expanded by the Federal Circuit, this Court should consider that the commercial and judicial spawning of such merchandising rights lacks support in any congressional mandate. *See* Dreyfuss, *supra* p. 20, at 402-03 (observing that "whatever the reason behind the desire to utilize the mark [in an ornamental manner], so long as the mark is not being used as a signal, traditional trademark law offers no answer to the question of who should garner this value"). By contrast, this new frontier gives no credence to the statutory definition of a "trademark," which requires that the mark "indicate the source of the goods." 15 U.S.C. § 1127 (2006). As such, this sea change represents

> a radical and ongoing expansion of trademark protection, both in terms of what can be owned as a trademark and in terms of what trademark ownership entails. This expansion, and its associated reinterpretation of trademark's underlying policies, presents a serious threat to social welfare and has placed at risk the competitive balance that deception-based trademark law originally established.

Lunney, *supra* p. 12, at 372.

Moreover, in cases such as this where consumers purchase a product bearing an ornamental mark in order to affiliate themselves with a certain entity, those consumers already have substantial knowledge of the marks and are unlikely to be confused. That is exactly why the TTAB here found that Real Fans would not likely be confused by competing California and Carolina products and explained that

> many purchasers of collegiate merchandise items are likely to have loyalty to and affinity for a particular school or team, that they are knowledgeable about a particular school's trademarks as used on merchandise, and that they are likely to exercise a degree of care in looking for and making their decisions to purchase such goods.

Pet. App. B, 41a. When purchasing a product *because* the purchaser wants the *trademark* itself, the purchaser comes to the buying decision already specialized, and the likelihood of confusion analysis should account for this reality. *See* Lemley & McKenna, *supra* p. 15, at 448-50.

As mentioned above, some courts have refused to accept this expanding role of trademarks. For instance, in *International Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912 (9th Cir. 1980), the court explained:

> It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own intrinsic utility to consumers. We commonly

> identify ourselves by *displaying emblems expressing allegiances*. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, *the sports teams we support*, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, *it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies*.

633 F.2d at 918 (emphasis added). Similarly, in *University of Pittsburgh v. Champion Products., Inc.*, 566 F. Supp. 711 (W.D. Pa. 1983), the court concluded that a University of Pittsburgh insignia on clothing was merely aesthetic and functioned to allow "the garment's wearer to display his or her support for the school and its athletic teams." 566 F. Supp at 721. The court refused to find liability for trademark infringement, observing:

> There is no evidence that the consumer cares who has made the soft goods or whether they were made under license. Because the Pitt insignia[s] on soft goods serve a functional purpose and largely define a sub market of some size, granting Pitt the relief it seeks would give Pitt a perpetual monopoly over that sub market, precluding any competition

> in the Pitt insignia soft goods market. We know of no legal theory which would countenance such a result.

Id.

The Third Circuit, at least, has recognized that this fundamental trademark principle has not been harmoniously resolved. *See Univ. of Pittsburgh v. Champion Prods., Inc.*, 686 F.2d 1040, 1047 (3d Cir. 1982) (observing that this "issue [of ornamental trademark use] reflects a growing and unsettled aspect of the law of unfair competition both at common law and under the Lanham Act"). In addition, as observed by one commentator,

> [a]ttempts to delimit the rights of those who create merchandisable names or symbols, however, have produced decidedly mixed results. Yet the surprising fact is not the diversity of opinion, but rather the persistent failure to address the central question—is it sensible to recognize a monopoly in the merchandising value of famous trade names and symbols?

Robert C. Denicola, *Institutional Publicity Rights: An Analysis of the Merchandising of Famous Trade Symbols*, 62 N.C. L. Rev. 603, 605 (Apr. 1984).

If trademark law is to be returned to its correct and fundamental principles, then the scope of trademark protection, particularly for such merchandised marks, should be inextricably linked to the proper identification

of the relevant consumers for conducting a standard likelihood of confusion analysis. If some form of protection is available for these merchandised trademarks, then the ultimate issue is whether the likelihood of confusion should be viewed through the eyes of those persons who desire to affiliate themselves with the entity or whether the analysis should be broader and all observers (i.e., "the general public") enter into the analysis. If viewed through the eyes of those wishing to affiliate themselves with the owner of the merchandised mark, then, as the TTAB found here concerning Real Fans, those persons are unlikely to be confused because they will come to the buying table already equipped with the ability to distinguish between trademarks unless they are substantial counterfeits or knockoffs. Then, as explained above with respect to the first issue submitted for review, the question should become whether other relevant purchasers exist who would likely be confused.

The fundamental role of determining the relevant consumer in this area of ornamentally-used marks is apparent from the facts of the present case. In particular, the TTAB explained:

> [A] mark appearing on a collegiate or professional sports teams merchandise such as hats or shirts serves as an indication of secondary source; it refers to or identifies the team itself. The purchasers' decision to purchase the product often is not based on who actually manufactured the product, but rather is based on the ornamental presence of the secondary source mark itself on the

> product. The decision to purchase arises from the purchasers' desire to demonstrate his or her connection to or affiliation with that secondary source (the school, or the team) or if the purchaser is purchasing the product as a gift to allow the gift recipient to demonstrate that connection or affiliation.

Pet. App. B, 44a. Based on this rationale, the TTAB concluded that the Real Fans would not be confused. However, the TTAB continued and found a likelihood of confusion for the Gift-Giving Relatives and Fair Weather Fans groups. Of course, the Federal Circuit reversed the findings that those two groups existed, so we are left with a likelihood of confusion finding where not a single person has been found to exist who could have been confused by the marks at issue in the present case.

Here, California simply failed to prove that any consumers existed who could have been confused. Professors Lemley & McKenna set up the scenario here and the preferred analysis as follows:

> Believe that consumers have been injured because a Little League team uses your professional sports team name, because soccer fans are wearing your team colors without your permission, or because a TV show uses your soda in it? Our rule is simple: prove it.

Lemley & McKenna, *supra* p. 15, at 454. As a result of California's failure of proof and the extension of their rights where no groups need be likely confused,

California may be effectively able to quash conflicting trademarks that pose absolutely no threat of confusion. This new standard adopted by the Federal Circuit would place trademark infringement law on the same plane as trademark dilution law.

Therefore, central to consideration of ornamental trademarks such as those here is the ultimate question raised by the issues to be addressed by this Court: Does the statutorily-mandated likelihood of confusion remain intact and, if so, what persons (if any) must likely be confused in order for federal trademark registration to be denied or for trademark infringement to exist?

CONCLUSION

For the foregoing reasons, this Court should intercede now to resolve at least these issues of conflicting trademark law. Therefore, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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